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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 CIEP-02 SP-02 STR-04 TRSE-00

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TO SECSTATE WASHDC 9360
INFO ALL EC CAPITALS 949

UNCLAS SECTION 1 OF 2 EC BRUSSELS 6661

PASS AGRICULTURE

E.O. 11652: NA
TAGS: EAGR, EEC
SUBJECT: THE EC COUNCIL OF AGRICULTURAL MINISTERS' MEETING,
JULY 21-22, 1975

REFS: (A) EC BRUSSELS 05738; (B) EC BRUSSELS 06170; (C) EC
BRUSSELS 06366 (D) EC A-162 OF 6/7/72; (E) EC BRUSSELS 01275;
(F) EC A-031 (G) EC A-409 OF 12/27/74

1. BEGIN SUMMARY: THE EC COUNCIL OF AGRICULTURAL MINISTERS REC-
OMMENDED BY MAJORITY VOTE THAT 1976/77 SUPPORT PRICES ON
HIGH YIELDING LOW-BAKING QUALITY WHEAT VARIETIES NOT BE HIGHER
THAN FEED GRAIN SUPPORT PRICES. THE ELEMENTS OF THE "MEDITER-
RANENA COMPROMIES" WORKED OUT IN LUXEMBOURG ON FRESH AND
PROCESSED FRUITS AND VEGETABLES AND WINE (REFS. A AND B) WERE
FORMALLY ADOPTED BY THE COUNCIL WITH THE EXCEPTION OF THOSE
MEASURES WHICH FIRST NEED THE OPINION OF THE EUROPEAN PARLIAMENT.
IN AN EFFOR T TO DISPOSE OF THE COMMUNITY'S BURGEONING SURPLUS,
THE COMMISSION ALONG WITH THE MANAGEMENT COMMITTEE WILL TAKE
MEASURES TO ENCOURAGE HUMAN AND ANIMAL CONSUMPTION OF DAIRY
PRODUCTS. THE COUNCIL APPROVED MORE ATTRACTIVE SELLING PRICES
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ON 100,000 M.T. OF SKIM MILK AID. THE IRISH AND UK GREEN

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POUNDS WERE DEVALUED 5 PERCENT. A SPECIAL COUNCIL SESSION WILL
BE HELD SEPTEMBER 9 TO DISCUSS ONLY WINE SINCE THE MINISTERS FAILED
TO AGREE TO ANY OF THE COMMISSION'S PROPOSED AMENDMENTS TO THE
INTERNAL REGIME. END SUMMARY.

2. WHEAT: THE EC COUNCIL PASSED BY MAJORITY VOTE A RECOMMENDATION
ALERTING INTERESTED PARTIES TO THE FACT THAT FOR THE NEXT SEASON,
SUPPORT PRICES ON HIGH-YIELDING, LOW-BAKING QUALITY WHEAT VARIETIES
WILL NOT BE SET HIGHER THAN THEIR CORRESPONDING FEED VALUE, I.E.,
THAN FEED GRAIN PRICES. THE NETHERLANDS VOTED AGAINST AND BELGIUM
ABSTAINED ON THIS RECOMMENDATION. THE NETHERLANDS CLAIMED
IT IS IMPOSSILBE TO DISTINGUISH BETWEEN MILLING WHEATS AND NON-
BREAD WHEATS. MORE IMPORTANTLY, IT DOES NOT WANT LOWER SUPPORT
FOR NON-MILLING WHEAT BECAUSE THIS ACCOUNTS FOR ALMOST ONE-HALF
OF DUTCH WHEAT PRODUCTION. THE COUNCIL DID NOT DISCUSS PROSPECTS
FOR AN INCORPORTATION PREMIUM, THE ATTRACTIVENESS OF WHICH HAS ERODED
WITH RISING WORLD GRAIN PRICES. THE COMMISSION, WITH THE MANAGEMENT
COMMITTEE, WILL ESTABLISH SUCH A PREMIM BUT IT WILL BE FIXED AT
ZERO FOR THE TIME BEING. (REF. C). LARDINOIS MADE A VERY FIRM
PRESENTATION HIGHLIGHTING THE NEED FOR THE COMMUNITY TO TAKE
MEASURES TO DISCOURAGE THE PRODUCTION OF NON-BREAD VARIETIES OR
RUN THE RISK OF THESE CONSTITUTING 50 PERCENT OF EC WHEAT PRO-
DUCTION NEXT SEASON IF THE PRESENT GRAIN INTERVENTION SYSTEM
IS CONTINUED.

3. FRUITS AND VEGETABLES: THE AGRICULTURAL MINISTERS FORMALLY
APPROVED THE NEW IMPORT SYSTEM ON PROCESSED FRUITS AND VEGETABLES
(REFS. A AND B) INCLUDING SAFEGUARD PROVISIONS, PRODUCTION
SUBSIDIES ON CANNED PINEAPPLES, AND THE MINIMUM IMPORT PRICE FOR
TOMATO CONCENTRATES (60.00 U.A./100 KG. FOR THE EC 6 AND 40.00
U.A./100 KG. FOR THE NEW MEMBER STATES) . THE OTHER ELEMENTS OF
THE COMPROMISE PACKAGE AGREED TO AT THE LAST COUNCIL MEETING IN
LUXEMBOURG MUST AWAIT EUROPEAN PARLIAMENT REVIEW AND OPINION BEFORE
THEY CAN BE FORMALLY ADOPTED. THE IMPLEMENTATION DATE OF THE
PROCESSED FRUIT AND VEGETABLE IMPORT SYSTEM IS STILL OPEN.

THE GERMANS CLAIM THAT THEY MEED TIME TO PREPARE THEIR CUSTOMS
AUTHORITIES TO APPPLY THE NEW SYSTEM. HOWEVER, COMMISSION AND
PERMREP SOURCES STILL HOPE THAT THE SYSTEM CAN TAKE EFFECT
OCTOBER 1, 1975. ALTHOUGH FORMAL ADOPTION OF MOST OF THE ELEMENTS
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OF THE LUXEMBOURG COMPROMISE IMPLIES THAT THE ITALIAN RESERVATION
ON TARIFF CONCESSIONS IN THE EC-ISRAEL AGREEMENT CAN BE LIFTED,
THIS HAS NO TAKEN PLACE OFFICIALLY YET.

4. DAIRY: THE COMMISSION HAS PRESENTED TO THE COUNCIL PROPOSED
MEASURES TO HELP DISPOSE OF THE EC DAIRY SURPLUSES (OVER 700,00
M.T. OF INTERVENTION SKIM MILK POWDER AND 205,000 M.T. OF BUTTER
IN PRIVATE AND PUBLIC STOCKS). THESE INCLUDED MEASURES TO EN-

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COURAGE DAIRY CONSUMPTION THROUGH AN INCREASED SUBSIDY TO MILK
MANUFACTURERS FOR RETURNING LIQUID SKIM MILK TO PRODUCERS AS
ANIMAL FEED, AND INCREASED SUBSIDY FOR USING SKIM MILK POWDER
IN FEED RATIONS (REF D), AND INCREASE IN THE SOCIAL BUTTER PROGRAM
(REF E), AUTHORIZING NATIONAL SUBSIDIES FOR MIXING SKIM MILK
WITH WHEAT FLOUR FOR BREAD AND PASTRY-MAKING, INCREASING THE
COMMERICIAL EXPORTS AND FOOD AID USE OF SKIM MILK POWDER AND WHEAT
FLOUR MIXTURES, ENCOURAGING MILK CONSUMPTION IN SCHOOLS AND THE
EXCLUSION IN DAIRY PRODUCTS OF FATTY MATTER OTHER THAN BUTYRIC
OR LACTIC AZOTES. OTHER MEASUREE ENVISAGED INVOLVED INCREASED
FOOD AID (FROM 55,000 M.T. TO 70,000 MT. SKIM MILK POWDER)
AND ENCOURAGEMENT OF PRIVATE STOCKS AND IMPORT LIMITATIONS AS

DESCRIBED BELOW. THE COUNCIL AGREED TO DECREASE THE SELLING
PRICE OF 100,000 MT. OF SKIM MILK POWDER (REF. F) FROM 50 PERCENT
OF THE INTERVENTION PRICE (44.35 U.A./100KG.) TO 25 PERCENT (
22.175 U.A./100KG.) AND TO MAKE THIS AVAILABLE NOT ONLY TO INTER-
NATIONAL CHARITABLE ORGANIZATIONS BUT DIREVOVERXITIONS.
THE COUNCIL DID NOT ACT
ON THE COMMISSION PROPOSAL TO INCREASE 1975 FOOD AID PROGRAM ON

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INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

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R 231702Z JUL 75
FM USMISSION EC BRUSSELS
TO SECSTATE WASHDC 9361
INFO ALL EC CAPITALS 950

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PASS AGRICULTURE

SKIM MILK POWDER. THE MINISTERS ALSO APPROVED SUBSIDIZING PRI-

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VATE STORAGE OF POWDER FOR THREE MONTHS. ACCORDING TO COMMISSION ESTIMATES, THIS SHOULD DRAW AROUND 100,000 M.T. TO PRIVATE STOCKS, KEEPING IT OUT OF INTERVENTION. THE COUNCIL SUSPENDED TEMPORARIL INWARD PROCESSING ARANGEMENTS(DUTY-FREE TREATMENT OF IMPORTS INTENDED FOR PROCESSING AND RE-EXPORT) ON BUTTER, BUTTEROIL AND SKIM MILK POWDER. THE COMMISSION WILL PURSUE THE OTHER MEASURES PUT BEFORE THE COUNCIL WITH THE MANAGEMENT COMMITTEE. THE MEASURES OUTLINED TO STIMULATE DAIRY CONSUMPTION FALL WITH THE COMPETENCE OF THE COMMISSION TO IMPLEMENT. THE COMMISSION WILL ALSO EXAMINE THE POSSIBILITY OF LIMITING CASEIN IMPORTS INTO THE COMMUNITY, PARTICULARLY FROM NON-GATT COUNTRIES AND AT ABNORMALLY LOW PRICES. THE COUNCIL DID NOT ENDORSE THE COMMISSION POSITION ON CO-RESPONSIBILITY OF DAIRY PRODUCERS FOR SURPLUS DISPOSAL, BUT THE COUNCIL WILL DISCUSS THE "SUPPLY/DMAND SITUATION" FOR DAIRY THIS AUTUMN ALONG WITH CAPP STOCKTAKING.

5. WINE: THIS COUNCIL SESSION DID NOT TURN OUT TO BE THE EXPECTED

MARATHON ON WINE. THE MINISTERSWERE NOT ABLE TO REACH ANY AGREEMENT ON COMMISSION PROPOSALS TO AMEND THE BASIC WINE CAP. THESE
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PROPOSALS AIM AT AVOIDING A WINE SURPLUS SITUATION SUCH AS THAT EXPERIENCE IN THE LAST TWO YEARS, THROUGH QUALITY CONTROLS, A BAN ON NEW PLANTINGS, AND COMPULSORY DISTAILLTION THE COUNCIL WILL DEVOTE A FULL SESSION ON SEPTEMBER 9 TO THIS ISSUE.

6.GREEN POUND: EFFECTIVE AUGUST 4, THE UK AND IRISH GREEN POUNDS WILL BE DEVALUED BY 5 PERCENT FOR ALL PRODUCTS WHOSE 1975/76 MARKETING YEAR HAS ALREADY BEGUN. THE NEW RATES WILL APPLY TO THE OTHER PRODUCTS (WINE, RICE AND OLIVE OIL) FROM THE START OF THEIR MARKETING YEAR. THE NEW REPRESENTATIVE RATES ARE AS FOLLOWS:
UK 1.86368 U.A.
IRISH 1.76843 U.A.
ACCORDING TO IRISH SOURCES, THIS DECISION MEANS THAT MONETARY COMPENSATORY AMOUNTS (WHICH IN THESE CASES ACT AS IMPORT SUBSIDIES AND EXPORT LEVIES) WILL BE REUDCED FROM 10.6 PERCENT TO 5 PERCENT FOR IRELAND AND FROM 16.6 PERCENT TO 10.7 PERCENT FOR THE UK. MINISTER CLINTON SAID THAT THE COMMISSION WILL REVIEW THE BEEF COEFFICIENTS SO AS TO PREVENT THE DEVALUATION FROM MAKING BEEF INTERVENTION BUYING ANY MORE ATTRACTIVE TO PRODUCERS. HE WAS DISSATISFIED THAT THE COUNCIL DI NOT AGREE TO A 10 PERCENT DEVALUATION AND DO AWAY WITH ALL MONETARY CONPENSATORY AMOUNTS, WHICH HURT IRISH EXPORT PROSPECTS.

7. STARCH: THE MINISTERS HAD A PRELIMINARY EXCHANGE OF VIEWS ON RE-INTRODUCING THE PRODUCTION SUBSIDIES ON CORN GROATS AND SEMOLINA AND BROKEN RICE FOR THE BREWERY INDUSTRY AS WELL AS CORN, SOFT WHEAT AND BROKEN RICE USED FOR MANUFACTURING STARCH (REF. G). THE COUNCIL AGREED TO A PRODUCTION SUBSIDY OF 16.10 U.A./M.T.

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FOR POTATO STARCH AND 10 U.A./M.T. FOR CORN STARCH. THE IMNIMUM PRICE ON POTATOES FOR STARCH MANUFACTURING WAS FIXED AT 162 U.A. /M.T.

8. RICE: THE COUNCIL FIXED THE 1976/77 THRESHOLD PRIES AND MONTHLY INCREASES ON RICE, WHICH WILL BE REPORTED BY AIRGRAM SEPARATELY.
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